

County of Roanoke, Virginia
General Fund Unappropriated Balance Policy

I. Background

The County of Roanoke recognizes one of the keys to sound financial management is the development of financial policies. Credit agencies carefully monitor levels of unreserved fund balance in a government's general fund to evaluate a government's continued creditworthiness. The Government Finance Officers Association (GFOA) recommends that governments establish a formal policy on the level of unreserved fund balance in the general fund. In addition, the National Advisory Council on State and Local Budgeting (NACSLB) issued a comprehensive set of accepted budget processes and procedures that set the standards of excellence in state and local governmental budgeting. A critical element incorporated into these standards is the adoption of financial policies, which include the development of a policy on stabilization funds, i.e. Unappropriated Balance (Principle 2; Element 4; Practice 4.1). This policy addresses this standard.

II. Purpose

The Board of Supervisors is ensuring the long-term economic stability of the County of Roanoke, by establishing a policy that maintains a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unpredicted one-time expenditures.

III. Reasons for adopting this policy

- Plan for contingencies
- Maintain good standings with the rating agencies
- Avoid interest expense for operating budget needs and capital needs
- Investment income from fund balances
- Ensure cash availability when revenue is unavailable

IV. Fund Balance Policy Guidelines

The Unappropriated Fund Balance of the County is currently maintained at a minimum of 6.25% of general fund revenues. This minimum will be increased over time to the following ranges:

2004-05	7.0 – 8.0%
2005-06	7.5 – 8.5
2006-07	8.0 – 9.0
2007-08	8.5 – 9.5
2008-09	9.0 – 10.0
2009-10	9.5 – 10.5
2010-11	10.0 – 11.0

V. Maintenance of Fund Balance

At the end of each fiscal year, all general fund revenues in excess of budget will first go into the General Fund Unappropriated Balance, until the maximum balance for the current fiscal year is met.

The General Fund Unappropriated Balance is available for difficult economic times, stabilizing cash flow requirements, and emergency appropriations by the Board of Supervisors; however it is the intent of the Board to maintain at least the minimum balance for the current fiscal year.